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Italy: The Election and Its Implications

Summary

Italian voters will go to the polls a year early on 14-15 June to determine whether the five-party coalition that has provided Italy with unprecedented stability and prosperity will be reinstated or whether Italy will again experience revolving-door governments that provide the Communist Party with new openings. Opinion surveys and political necessity suggest that the coalition will eventually be reconstituted, but only after a period of protracted and bitter haggling. In the meantime, there is a chance that a minority center-left or center-right government dependent on outside Communist support could come to power. [redacted]

The election itself is not likely to produce dramatic changes in the balance among Italy's five governing parties--the Christian Democrats, Socialists, Social Democrats, Liberals, and Republicans. The Communists, Italy's second largest party, are not likely to see their share of the vote change significantly, although the party could emerge as Italy's largest if the Christian Democrats stumble badly--a situation that would give the Communists new political momentum even though the Christian Democrats and Socialists would almost certainly still oppose a coalition with them. Although a number of factors make it harder than ever to predict

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individual party returns, together the five parties of the pentapartito coalition will almost certainly again win enough seats to form a majority government. [ ]

The major question hanging over the election is whether they have the will to form another government together. The last coalition fell, not over the ostensible dispute over policies, but over a bitter fight between Christian Democrats and Socialists for the Prime Ministership. This struggle was not resolved, and the fierce personal attacks that have characterized the past few months will make bridge-building even more difficult than usual. [ ]

Unless the two sides can patch up their differences, this election could bring down the curtain on the era of the pentapartito. The Christian Democrats, far and away the largest party in the coalition, are determined to recover the top spot after allowing Socialist Bettino Craxi to hold it for four years. Personal ambition and fear that his party will be totally overshadowed under Christian Democratic leadership make Craxi equally determined to reassert himself. Barring a significant realignment of votes, however, parliamentary arithmetic will ensure that neither side can form a majority government without the other--unless they turn to the Communists. No one at this stage is talking seriously about bringing the Communists into the government, but both the Socialists and the Christian Democrats may entertain the possibility of a minority government supported from the outside by the Communists. [ ]

Whatever the outcome on 14-15 June, we believe the Christian Democrats and Socialists will first try to reconstruct the five-party coalition. Neither wants to give the Communists a boost, and neither relishes having to depend on Communist support. Negotiations, however, will be painful and prolonged, perhaps dragging on through the summer as Craxi and his Christian Democratic rivals pick their way through the minefields of broken promises and personal animosities that separate them. [ ]

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The bitterness engendered by partisan maneuvering over the past year makes it likely that a reconstituted five-party coalition would be less cohesive than its predecessor, but we believe it would generally continue the policies of the last four years regardless of who was Prime Minister. In foreign policy, Rome would continue to demand for Italy a voice equal to that of the larger countries in Western political and economic councils and would adhere to the EC and NATO consensus on key issues such as trade and arms control. Domestically, the coalition would further liberalize the economy and cut back on public spending. [ ]

Should the Socialists and Christian Democrats fail to reach an accord, both will scramble to build a minority coalition with the smaller parties. The fate of their efforts will be decided largely by the Communist Party. A Socialist-led coalition would probably be more attractive to the Communists because it would exclude the Christian Democrats from national power for the first time since World War II. It might also benefit the Communists over the longer term by breaking down the old voting patterns that have kept them from rising much above the 30-percent ceiling. [ ]

A Christian Democratic-Socialist deadlock that forced one or the other into a minority coalition with the smaller parties would result in a less stable, less predictable government. To be sure, Craxi or another experienced, responsible politician would probably be at the helm, and this would guarantee considerable continuity. Because such a government would require parliamentary support from the Communists, however, it would be more timid in supporting Western security policies and less likely to implement tough domestic austerity measures. A Christian Democratic-led minority government might also pursue a more independent and pro-Arab policy in the Middle East, which both Christian Democrats and Communists favor. [ ]

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Background: Bizarre End to the Pentapartito

The election is taking place a year earlier than required because the five-party coalition failed to implement the Prime Ministerial "relay pact"--an agreement reached last summer under which Craxi was supposed to have handed over his office in March to a Christian Democrat. Although Craxi resigned in March, he immediately began to impose new conditions that effectively stymied attempts to install a Christian Democratic Prime Minister. The Socialists subsequently insisted on holding referendums on nuclear energy and judicial reform, knowing that the Christian Democrats were adamantly opposed. [REDACTED]

President Cossiga's efforts to resolve the impasse--including his unprecedented decision to ask a Communist, Nilde Iotti, to act as a mediator among the parties--proved ineffectual in the face of growing acrimony between the Socialists and the Christian Democrats. The crisis came to a bizarre end when the Christian Democrats combined with the Communists to bring down a government headed by a senior Christian Democratic figure, Amintore Fanfani, while the Socialists, hoping to pin the blame for an early election squarely on the Christian Democrats, voted to support the government. Cossiga subsequently appointed Fanfani to form a caretaker government of technocrats and Christian Democrats to preside over a new election. [REDACTED]

The failure of the relay agreement put an end to a coalition which most observers agree proved more effective than most of its predecessors despite frequent internal bickering. Its most notable accomplishment was to bring down Italy's chronically high rate of inflation to a relatively modest 6 percent, chiefly by reducing cost of living adjustments in the face of Communist and trade union resistance. Under Craxi's decisive leadership, the coalition also made progress in tackling the country's widespread economic inefficiencies, including curbing tax evasion, and selling off parts of the bloated public sector. These and other measures such as the liberalization of capital and financial markets increased business confidence and investment and enabled Italy to achieve a current growth rate of about 3 percent, one of the fastest in Western Europe. [REDACTED]

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The coalition also scored an important success in combatting domestic terrorism: last year there were only about 30 incidents compared with an average of over 1,000 a year in the late 1970s. In the foreign affairs area, the coalition enhanced Italy's prestige within the Alliance by allowing INF deployments in Sicily and expanded Italian involvement in the Middle Eastern and Mediterranean region by contributing to peacekeeping forces in Lebanon and the Sinai. The coalition's one outstanding failure was its inability to reduce the public sector deficit, which at over 12 percent of GDP is the highest among the major economic powers and threatens the country's continued prosperity. [ ]

The acrimonious breakup of the coalition does not, in our judgment, necessarily imply the collapse of that governing formula. The Socialists, Christian Democrats, and three smaller parties remain sufficiently close on most domestic and foreign policy issues--even on civilian nuclear energy and judicial reform, the ostensible causes of the coalition's collapse--to permit compromise if they are so inclined. The main stumbling block will again be control of the Prime Ministership. The Christian Democrats are anxious to recover the office after allowing Craxi to hold it for four years, while Craxi fears both he and his party will be totally overshadowed if the Christian Democrats were to control the top spot. [ ]

#### An Issueless Campaign

The continuing broad substantive agreement among the members of the former coalition--as well as the decline of ideological differences in Italian politics--is illustrated by the absence of any real debate on issues in the current campaign. Both the Socialists and Christian Democrats have taken the low road so far, concentrating on accusing each other of intending to form a post-election alliance with the Communists. [ ]

The only issue on which they have put forward detailed proposals has been electoral law reform. The Socialists have called for popular election of the President of the Republic while the Christian Democrats have proposed that coalitions must be formed prior to an election. These proposals have kindled little enthusiasm among the electorate, however, perhaps, because they are so blatantly partisan: the Socialists are clearly trying to facilitate

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Craxi's eventual elevation to the Presidency while the Christian Democrats are seeking to prevent the Socialists from trying to play them off against the Communists after the election. Even the Communists are confining themselves to the blandest of generalities, probably because they are trying to support recent efforts to portray themselves as a moderate, mainstream party. [ ]

#### The Parties Weigh Their Chances

Italian voting patterns have traditionally been among the most stable in the Western world, and we believe it unlikely that any of the major political groupings will experience large swings in this election, given the absence of sharp divisions among the parties and general public disinterest in a contest that is widely perceived to be the result of maneuvering for narrow partisan advantage. Prior to the breakdown of the five-party coalition, a variety of electoral indicators--including party performance in local government elections, opinion polls, and the overall performance of the parties--suggested that both the Christian Democrats and the Socialists could score modest gains over their 1983 results in this election, while the smaller parties and the Communists appeared likely to suffer losses. Christian Democratic and Socialist optimism about their electoral prospects was a key factor prompting Craxi and Christian Democratic leader De Mita to harden their line and force an early election.

- o The Christian Democrats, who won just under 33 percent of the vote in 1983, appeared to have reversed their decline in the 1985 local and regional elections where they rose to 35 percent. The party has also generally done well in pre-election public opinion polls, scoring often in the 35-to 36-percent range. Party leaders were also buoyed by public approval of the five-party coalition and may have been optimistic that De Mita's reformist leadership, which has included the appointment to prominent national posts of younger leaders untainted by charges of corruption, has improved the party's crumbling image.
- o Although the Socialists won only 11.4 percent of the vote in 1983, they are now scoring regularly in the 14-to-16 percent range in opinion polls. Craxi has been the party's key asset: according to some

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opinion surveys, as many as three out of five Italians approve of Craxi's performance, and he has been consistently rated the most effective Italian politician. The Socialists' ability to translate Craxi's popularity into substantive gains in this election has always been in some doubt, however, because the party has failed to make significant progress in local elections held since 1983 and is beset by a range of organizational problems that could diminish its ability to get out the votes.

- o The three smaller coalition parties have been generally down in the polls and have failed in local elections to match their combined 1983 showing of 12.1 percent. Some of the disenchanted Catholic voters they won over from the Christian Democrats in 1983 appear to be returning to their traditional party. The Social Democrats, moreover, may be losing some traditional anti-Communist supporters because their recently chosen leader, Franco Nicolazzi, is trying to expand the party's base of support by moving it to the left--for instance by raising the possibility of joining a coalition with the Communists.
- o The Communists, whose support dropped from their all-time high of 34 percent in 1976 to just under 30 percent in 1983, suffered a double setback in 1985 when they fell back a further 2 percent in local and regional elections and lost a referendum they had sponsored. In pre-election polls, the party has done no better than hold even at 30 percent, and in some it has fallen back again to about 27 percent. Perhaps the most glaring problem for the Communists has been the decline in morale and the sense of drift that has prevailed since the death of party leader Enrico Berlinguer in 1984 and his replacement by [ ] party bureaucrat, Alessandro Natta. The party has probably also been hurt by settled economic conditions which discourage the economic protest voting that often boosted the party in the past. [ ]

#### Possible Confounding Factors

Party calculations about their prospects in the election have been thrown into some question by several

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recent developments. The most important has been the acrimonious and premature breakup of the five party coalition. Italian conventional political wisdom holds that the party responsible for forcing an early election pays a penalty at the polls. That penalty could be especially severe this year due to the popularity of the coalition--one poll has indicated that 65 percent of Italians believe that the current election is unnecessary. Although the Christian Democrats played the most prominent role in forcing the election, recent polls suggest that the public has seen through Craxi's backstage maneuvering and blames both parties in equal measure for the breakup of the coalition. [ ]

If both the Christian Democrats and the Socialists pay an electoral penalty, the smaller parties which tap into the same broad pool of centrist voters could benefit. The Communists too, could gain from the current perception that the pentapartito might not be able to regroup following the election. For the first time since the late 1970s, there is a possibility that the Communists could participate in governance, and this prospect has improved the sagging morale of party workers. [ ]

Communist Party fortunes may also have been given a boost in recent months by Italian voters' increasingly benign view of the Soviet Union. Gorbachev's domestic reforms and arms control initiatives have lent luster to a more moderate image that could help the Communists retain higher-income voters who have supported the party as a potential instrument for socioeconomic reform rather than for ideological or class reasons. It could also harm the Christian Democrats who have traditionally been best able to rally their supporters when they could portray themselves as a bulwark against a fear-inspiring Communist party. [ ]

A final confounding factor may be the appearance for the first time of a "green" list on the ballot. The greens, who are well-organized locally, won over 2 percent in local elections held in 1985, and may have particular appeal for younger leftist voters increasingly interested in environmental questions. If the greens and the new leftist Radical Party are able to go beyond the 2 percent gained by the old radicals in 1983, they could cut significantly into the vote that might otherwise go to the Socialists and especially the Communists. [ ]

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#### Alternative Electoral Outcome Implications

Electoral prognostication is even more difficult for Italy than for other West European countries because opinion polls cannot accurately gauge the 1-to 3- point swing that can mean the difference between "victory" and "defeat" for each party in the Italian political context. Moreover, Italian opinion polls are notoriously inaccurate; on 1 June, Italy's premier polling agency, Doxa, announced that it would not perform any surveys for the election because respondents are so unwilling to indicate true preferences that the results are inherently unreliable. [ ]

For what they are worth, the results of recent opinion polls show (all plus or minus 2 to 3 percent):

- o The Christian Democrats falling as low as 27 percent or rising to about 36 percent.
- o The Socialists rising to anywhere from about 13 to 15 percent.
- o The combined vote of the three smaller coalition parties falling to as little as 9 percent.
- o The Communists either holding at 30 percent or falling as low as 27 percent. [ ]

An informal survey taken by the Italian Interior Ministry just before the dissolution of Parliament showed local prefects predicting that the Christian Democrats and the Communists will both fall about a point from 1983 levels while the Socialists will gain about two points. Although based solely on subjective judgments, this "poll" has historically proven as accurate as any other. [ ]

Our own best "guesstimate" is that Craxi's popularity and the effectiveness of his government will translate into at least modest gains for the Socialists despite the party's image and organizational problems. The Christian Democrats may also record a slight increase in support as a portion of those who defected in 1983 come back to the fold now that the party appears somewhat less corrupt and divided, but there is a chance they will falter if a disproportionate number of voters punish them for the coalition's demise. The smaller parties, which are beset by organizational and

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identity problems, are likely to lose support. The Communists, pressed by the Socialists in the south and by the greens throughout the country, could drop below 30 percent, although they could conceivably still end up as the largest party in the unlikely even the Christian Democrats stumble badly. [redacted]

#### Restablishing the Five-Party Coalition

Whatever the electoral outcome, both the Socialists and the Christian Democrats will most likely try to reconstruct the five-party coalition, despite the acrimonious breakdown of its predecessor and the harsh rhetoric over the past few months. They are driven in that direction because nearly all the alternatives to this formula require some form of Communist involvement in governance.\* [redacted]

Although Craxi has publicly refused to rule out working with the Communists after the election and the Christian Democrats have been suspiciously careful about treading on Communist sensitivities, both parties will avoid dealing with the Communists except as a last resort. Craxi realizes that ending the Communists' prolonged isolation from power would give them a political boost that would ultimately harm Socialist chances for gaining increased support on the left. Christian Democratic leaders are aware that any attempt to revive the mid-1970s "historic compromise" formula of Christian Democratic-Communist cooperation would provoke strong opposition from the more conservative elements in the party. [redacted]

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\*It is theoretically possible that the Christian Democrats, if they were to gain two to three percentage points in this election, could form a government with the smaller coalition parties and perhaps some minor regional parties that could survive in Parliament by gaining the outside support of the neo-fascist MSI. The Christian Democrats governed very briefly and unsuccessfully with MSI support in the late 1950s, but it is very questionable whether they and especially the smaller parties would now be willing to work even informally with the MSI because of its reputed links to rightwing terrorism and its residual fascist legacy. [redacted]

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The reconstruction of the five-party coalition will not be easily accomplished, however, because the Socialists and the Christian Democrats are likely to clash once again over coalition leadership. Barring an unexpected collapse in their electoral support, the Christian Democrats will almost certainly insist on reclaiming the Prime Ministership, with De Mita, one of his allies, or possibly Andreotti as their candidate. [Craxi, an inveterate political risk-taker, will probably reject this demand initially, if only to see whether his obstinance will force the Christian Democrats to cave in.] The process of coalition formation could thus drag on throughout the summer and involve several false starts.

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The ultimate outcome of the Socialist-Christian Democratic struggle will be heavily influenced by how they and the other major parties fare in the election. If the Socialists were to do unexpectedly well--gain at least three percentage points--while the Christian Democrats only held their own, then Craxi would be in a strong position to recapture the Prime Ministership.

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[ ] More broadly, the party leadership would be concerned that this outcome might permit a strengthened Craxi to form an alliance with the smaller parties and the Communists, excluding the Christian Democrats from national power and its attendant patronage for the first time since World War II. Even so, Craxi would have a hard time prevailing over Christian Democratic enmity toward him to retake the top spot. He might, however, gain Christian Democratic support for a compromise candidate from one of the smaller parties, such as Republican Party leader Spadolini, thereby at least preventing the Christian Democrats from dominating the coalition.

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If the Christian Democrats score a significant gain while the Socialists falter, a triumphant De Mita would probably have little trouble in brushing aside Socialist or even internal Christian Democratic opposition and seizing the Prime Ministership--or handing the job to a loyalist such as Treasury Minister Gorla or former parliamentary leader Martinazzoli. Even the [monumentally] self-assured Craxi would probably recognize that he had little claim to the leadership under such circumstances. If he chose to

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fight, the decline in small party strength that would almost certainly accompany a Christian Democratic advance would probably sap the morale of the leadership, dashing any effort by Craxi to form a front with them against the Christian Democrats. [ ]

If the Socialists and the Christian Democrats both gain support, the outcome of their battle over the Prime Ministership would become much less predictable. Both would be likely to believe that their relative claims to the post had been strengthened. Craxi might be somewhat more likely to cave in eventually; he cannot afford to alienate the Christian Democrats entirely because he will need some Parliamentary support from them to achieve his ultimate ambition of becoming President. More likely, the two parties would compromise on a candidate from the smaller parties. There is, however, a fair chance that a deadlock would ensue, leading to the collapse of efforts to reconstruct the five-party coalition. [ ]

A complete breakdown in negotiations between Socialists and Christian Democrats would send both parties scrambling to try to form a government on their own. Neither is likely, at least initially, to seek a formal coalition with the Communists in view of the political risks involved. Instead, each will aim for a minority coalition with the smaller parties--including, in the Socialists' case, the radicals and greens. Their success would depend less on the preferences of the smaller parties than on the attitude of the Communist Party, whose support or acquiescence in Parliament would be essential to the government's survival. Whichever minority government emerges is likely to have an extremely precarious existence because the Communists would probably be unwilling to provide firm pledges of external support even in exchange for concessions on policy--especially if the party were to eclipse the Christian Democrats and secure a plurality of the votes. The party's earlier involvement in such an arrangement--the historic compromise with the Christian Democrats in the late 1970s--led to internal discord and a loss of voter support. [ ]

#### A Socialist-Dominated Minority Coalition with Outside PCI Support

The Communists would probably see clear advantages in providing external support in Parliament for a Socialist-led

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coalition. They could portray this arrangement to their supporters as a step toward the creation of a "democratic alternative" coalition of all leftist forces, which is their current declared political objective. More important, they would probably view the unprecedented exclusion of the Christian Democrats from national power as an historic reshuffling of the Italian political deck that could create new opportunities for them, especially among left-leaning Christian Democratic voters. Finally, they would probably hope to be able to exercise a strong influence over the policy of the coalition, which would at best dispose of about 30 percent of the votes in Parliament. [ ]

#### A Christian Democratic-Dominated Minority Coalition with Outside PCI Support

The main advantage for the Communists of supporting a Christian Democratic-led coalition would be that they would avoid boosting Craxi, who makes no secret of his desire to weaken and marginalize them. The Christian Democrats might also be able to counter the apparent advantages of a Socialist-led coalition by offering the Communists a deal on reforming the electoral system that would work to the advantage of both parties. The issue of electoral reform is likely to become unavoidable following the next election because the iconoclastic Radical Party will almost certainly succeed in forcing a referendum in the next two years aimed at abolishing the current proportional voting system. Although the Communists have thus far responded coolly to Christian Democratic proposals for modifying the electoral system, both parties have a common interest in working toward a formula that would reward larger parties. [ ]

#### Policies and Implications

A reconstructed five-party coalition would generally continue the foreign and domestic policies its predecessor pursued, but it would probably be less cohesive and effective in view of the worsened relations among its partners. [ ]

On foreign policy, the coalition would support continued Italian participation in SDF and would publicly favor a zero-zero approach to INF reduction while adhering to whatever consensus developed in NATO on this issue. The coalition would press for an enhanced role for Italy in Western political and economic councils--more intensely,

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though, if [the strong-willed] Craxi rather than a Christian Democrat or Republican leader Spadolini emerged as Prime Minister. It would continue efforts to build bridges with the more moderate forces in the Middle East and would tone down earlier Italian courting of Libya and the PLO because Craxi, who once favored these efforts, appears now to be moving closer to Spadolini's skeptical view of these forces.

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In the domestic area the coalition would probably concentrate on reining in public spending. It would also proceed with efforts to liberalize capital and financial markets and sell off parts of the state industrial sector, in the hope of stimulating investment in hi-tech industry, an Italian weak spot. It would probably try to compromise on the contentious nuclear energy question by imposing a construction moratorium pending a safety review. [ ]

A Socialist-Led minority coalition with outside Communist support would probably pursue foreign and domestic policies similar to those of the five-party coalition, albeit with some subtle but important differences. The key figures in such a government would be Craxi and Spadolini, and both would ensure that Italy remained a faithful US ally and NATO partner. Moreover, the Communists would be anxious to enhance their credentials as a responsible party and demonstrate the genuineness of their move to a more pro-Western stance. But the Communist party remains neutralist and pacifist at heart and would therefore try to prevent the government from allowing participation in SDI research, permitting use of Italian military bases in out-of-area operations, or accepting SRINF missiles if pressed to do this by NATO. Domestically, the coalition might have trouble even trying to rein in public spending, because the Communists--perhaps supported by an emboldened Socialist left-wing--would probably be reluctant to limit wage increases or approve new restrictions on social programs for lower income groups. [ ]

A Christian Democratic-led minority coalition would also broadly continue five-party coalition policies and face the same types of problems arising from dependence on Communist support. Such a government might actually be less likely to face down the Communists on issues such as SDI and public spending than a Socialist-led government because its potential leaders lack Craxi's strong will. It might also try to pursue a more activist and independent policy in the


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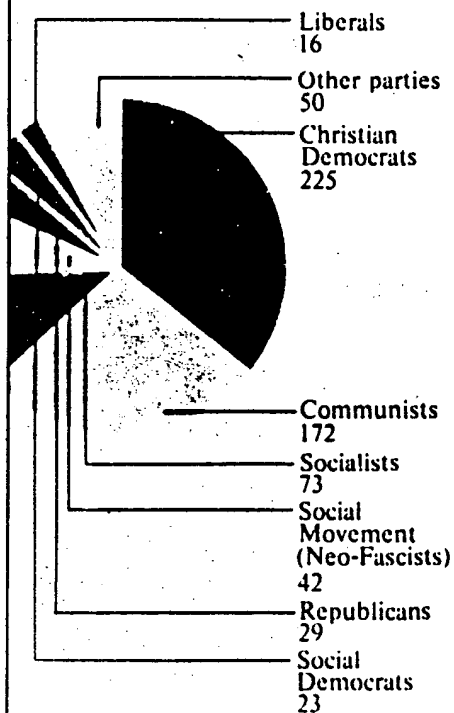
Arab-Israeli conflict. The Christian Democrat's chief foreign policy expert, Andreotti, favors such a policy, and he is likely to enjoy the enthusiastic support of the Communists, who share his broadly pro-Arab views. [ ]

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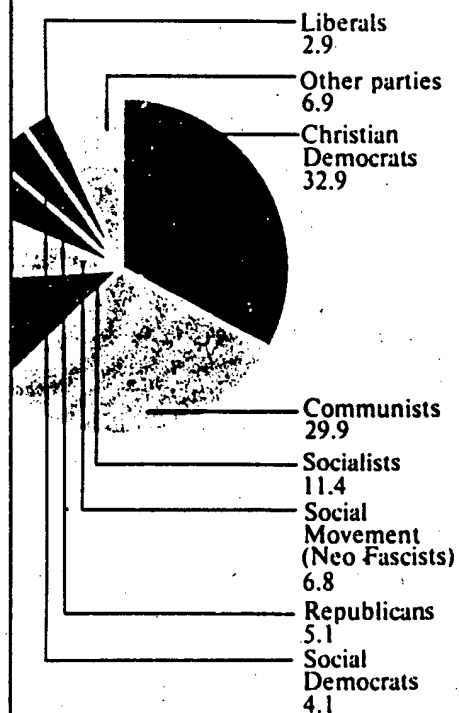
# Italy: 1983 Election

 Indicates member of government

**Seats in Chamber of Deputies**  
Total seats 630



**Percent of popular vote**



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